

Comments on the Information Paper, International Shipping From the Philippine Maritime League

The current difficulties being experienced with respect to the perceived continued existence of "substandard shipping" is understandable, given the circumstances surrounding present day realities. It is not possible to expect more subsidies from governments in the future; at the same time costs continue to increase, primarily due to the ever-increasing cost of fuel as experienced in the past two years.

It can of course be expected that the mentioned cost savings gained from not complying with IMO standards will still be a sufficient incentive for some owners/managers to continue operating vessels in a sub-standard manner, but having attended IMO sessions almost continuously over the past 16 years, I respectfully disagree that there has been inadequate interest in the creation of an effective international mechanism to ensure observance of or compliance with existing safety and environmental protection requirements, notwithstanding the few administrations who often feel that some measures are "infringements of national sovereignty" (in the case of interdictions by port states) or "breaches of the freedom of navigation" (in the case of compulsory measures on ship routing and vessel traffic control in certain areas).

Certainly, there is no widespread conviction in the community of nations that the so-called "traditional principles" are no longer overriding in the interest of safety of navigation and the protection of the marine environment.

There is no reason to disagree with the statement that

In the international market place the world fleet continues to grow at a faster rate than demand so exacerbating the existing over capacity of the industry. The fleet is also aging. According to the ITF, about 30% of the world's fleet is aged 20 years or over, with the average age increasing from approximately 13 years in 1980 to 19 years in 1998. Lloyds World Fleet Statistics for 1995 give the average fleet age as 18 years and by 1998 this had increased to 19 years.

However, it is not true that there is ample shipbuilding capacity as well as cheap financing available to purchase ships throughout the world, at subsidized rates. In fact in the Philippine environment, the latter is the primary problem, thus resulting in the recourse to purchase second hand ships for the domestic fleet.

We wholeheartedly agree that:

Consistently observed and effectively applied there already exists sufficient marine safety and environmental standards to eliminate most sub-standard shipping and its associated sub-standard practices.

Again, if consistently applied, there are also adequate inspection resources within classification societies, insurance companies, governments, and charterers to effectively identify the sub-standard ships and their practices.

Consistent application is the integral element in these statements, and it is the lack of consistency that is one of the roots of the problem.

Admittedly, the Philippines still has problems ratifying many of the IMO Conventions, not because of an effort to go around implementation of these Conventions, but generally because of the delay in the legislative agenda. On the other hand, we have a good record in ratifying the ILO Conventions of relevance to shipping.

Again, we agree with the statements that:

Many IMO member States strongly support the highest standards including the possible provision of a means of ensuring compliance with IMO standards.

There has been some slight movement in this direction, with the STCW Convention and ISM Code both requiring a more active role by the Organization.

However, there are other member States who regularly attempt to dilute any new proposals, and to delay their implementation.

This latter group consists mainly of two elements. Those who are ignoring many of the IMO's current requirements and have little interest in any new measures that will add to the cost of ship operations and those lacking the necessary resources to effectively implement many of the proposals already developed.

But we believe that the Philippine administration has not taken any step in either delaying or causing the finalization of relevant steps designed to improve safety regulation and implementation.

Understandably, some marine administrations are inadequate due mainly to a lack of resources. However in the Philippine case much effort is being undertaken to improve implementation, including steps to introduce suitable expertise into the organizations. These include arranging for more bilateral and multilateral assistance, improving training standards, streamlining the organization (and this is a continuing process). For example, we have finally separated the Philippine Coast Guard from the Philippine Navy and are in the process of re-examining our National Maritime Policy. Our Maritime Industry Authority has in fact extended the requirements for implementation of the ISM Code to the domestic fleet, as well as other measures for improvement.

Our national flag registry is not established as a business, and the Maritime League will continuously oppose any effort to open a second registry or convert the existing one into a sort of flag of convenience.

Let me now zero in on the topic of Port State Control (PSC).

Indeed, an examination of the latest report of the Paris and Tokyo MOU Secretariats raises concerns about the credibility of some PSC administrations, particularly highlighted by the recommendations made by Ministers at the Joint Paris-Tokyo MOU Ministerial Conference on Port State Control in Vancouver, of which I headed the Philippine Delegation in March of 1998.

While the meeting recommended that administrations should refrain from implementing PSC measures until such time as they had first introduced effective flag State procedures, the majority of PSC administrations had accomplished the condition through better training and preparation. We disagree that the credibility of the concept of PSC inspections has been undermined.

We agree that given the available options, PSC if properly implemented, has the potential to become an effective mechanism capable of enforcing agreed marine safety and environmental standards. Based on the reports of the PSC Secretariats, the Philippine administration, managing the 13th largest

international fleet in the world in terms of tonnage and the 1st in terms of manpower at sea, has performed very well.

There is much to be desired, however in the implementation of manning and safety standards of foreign fishing vessels with Filipino fishermen and crew aboard. This includes satisfactory compliance with salary standards.

We disagree that the future looks bleak. The current economic crisis has caused some setbacks, but certainly, countries like the Philippines will certainly overcome.

Let me now answer some of the queries posed in the paper

- ***How can the activities of sub-standard shipping be made transparent and accountable?***

The Port State Control process has made this transparent and accountable.

- ***Is the establishment of an international enforcement mechanism feasible? If so, how might it work?***

The world is slowly moving towards that. In the past 2 years, the Sub-Committee on Flag State Implementation or FSI of the maritime Safety Committee has been created and has increased its involvement in monitoring and calling the attention of flag States. Time may perhaps come that a more organized set up can be established.

- ***How can the financial and welfare interests of crew be more effectively protected?***

The active role of the ITF and Non-Governmental Organizations has proven to be quite useful. In the Philippine case, the establishment of the POEA and OWWA are designed to ensure compliance with government regulations and enforcement of contractual obligations.

- ***Can IACS play a more effective role?***

We agree with the role that IACS can play. Our hope is that our own Philippine Register of Shipping can develop itself into a world-class society in the future that can be eligible to be an IACS member.

- ***Should the commercial incentive be removed from Class? If so how?***

In general classification societies tend to be non-profit; however commercial incentives are often established to expand their professional scopes. This is a continuing debate within the IACS.

- ***Would business-related solutions that may involve all parties in a system of rewards for good performance be effective? If so how should it function?***

In a way, P&I Clubs accomplish this. The Port State Control Committees can perhaps “war game” this matter.

- ***Can the provisions of UNCLOS, as well as IMO and ILO Conventions be more effectively implemented? If so how?***

This can be accomplished through more effective measures in Port State Control, and improvements in the monitoring and follow-up process.

- ***Is it time to look at means of ensuring compliance with IMO standards other than more regulations and more rules? If so, what are they?***

I believe this is already being done by the Maritime Safety Committee and other Committees of IMO.

- ***How can the effectiveness of existing IMO standards be measured?***

This can be done through the Flag State Implementation Sub-Committee and Port State Control.

- ***Can the IMO play a more active role in international safety regulation? If so how?***

This is already being accomplished by IMO.

- ***How can the disinterested elements of "the Responsibility Chain" be persuaded to assume accountability?***

Publication of results of PSC and FSI proceedings will ensure that "disinterested elements" will be spurred to action.

- ***Can a "Reward System" for responsible operator's work?***

Yes, and the Port State Control system should look into this.

- ***Port State Control – how to maintain its credibility?***

PSC will maintain its credibility because of the measures they are undertaking – better coordination, better reporting, standardizing methods and quality of inspections.

- ***How can sub-standard registries and sub-standard classification societies be identified and effectively isolated?***

Again, the PSC process will be useful.

- ***Should a holistic approach, which embraces consideration of economic, ecological and environmental issues posed by sub-standard shipping in addition to human issues, be considered? If so, how would this be done?***

Assistance to developing countries is coordination through the IMO, often funded by UNDP as well as direct country-to-country assistance. Training for PSC through MOU Secretariats likewise is a good measure.

- ***How can flag States be assisted to implement the minimum standards required to operate a viable flag registry?***

The provision of better training as well as assistance in the form of publications and inspection equipment will be useful.

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